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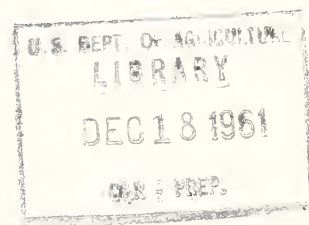


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UNITED STATES DEPARTMENT OF AGRICULTURE
Office of Rural Areas Development
Washington

SUGGESTED CONTENT OF AN OVERALL RURAL AREAS
ECONOMIC DEVELOPMENT PROGRAM



June 1961

SUGGESTED CONTENT OF AN OVERALL RURAL AREAS ECONOMIC DEVELOPMENT PROGRAM 1/

Secretary of Agriculture Orville L. Freeman within a short time after taking office in January of this year announced that all agencies of the Department of Agriculture must commit their resources to assure needed assistance to local initiative, leadership, and coordinated action in meeting the economic needs of rural areas in keeping with the broad responsibilities of the Department. Thus, the Rural Areas Development Program was given a No. 1 priority in Memorandum No. 1448 dated March 21, 1961.

This suggested outline is intended to serve as a guide in the development of local and State rural area development programs. The Department of Agriculture will concentrate its resources to assist local initiative to overcome low income and rural poverty. Some of these low-income areas, or parts of such areas, will be eligible to participate in securing financial assistance under the Area Redevelopment Act (Public Law 87-27, May 1961). Programs developed under these suggestions should meet the minimum requirements for participation under the Act if such areas are in "Designated Areas." The Program of Rural Areas Development under the Department of Agriculture, as well as the program under the Area Redevelopment Act, emphasizes strongly the requirement for local initiative. The various agencies of the Department of Agriculture have many services available and are mobilizing all of their resources to assist in locally initiated, viable programs of area development, wherever these may be.

Programs should be developed around areas having a common trading center, the same watershed, or other factors contributing to the uniformity of opportunities for success. The Extension Service is taking the lead in assisting local and State groups in getting organized. The Farmers Home Administration is taking the lead in organizing the State and Federal technical groups to assist the local organizations in describing their problems and drafting their economic development programs.

The Rural Areas Development Program recognizes that many rural communities have had long-standing problems of substantial and persistent unemployment and underemployment which cause hardship to many individuals and families and detract from the national welfare by wasting vital human resources. Rural area development seeks to provide assistance that will enable such areas to achieve improved income levels by establishing stable local economies based upon efficient use of their resources.

Essentially, solving such problems and attaining such goals means assisting in planning for and moving toward economic development for rural areas. In planning and working for rural area economic development a meaningful and usable concept of just what economic development is must be kept in mind.

1/ Prepared by staff of Rural Development Branch, Farm Economics Division, ERS

Within an economically well integrated and relatively highly developed overall economy such as that of the United States, economic development for particular areas may be defined simply as the achievement of increased income per capita. There are three basic approaches to achieving this increase in income. The three are not, of course, mutually exclusive. Rather, they are usually complementary.

The three approaches are:

1. To increase, within the area, the number of nonfarm employment opportunities at income levels above those now earned by a significant number of persons in the labor force.
2. To add to, or to recombine and improve the utilization of resources used in agriculture so that the income earning capacity of persons from farming may be increased.
3. In combination with either or both of the approaches listed above, to achieve orderly, voluntary transfer to employment in other opportunities of those persons in the labor force not currently employed in line with their income earning potential.

These approaches to area development are specifically economic. There are many activities or undertakings that would make an area a better place to live that are not included. Some such activities or facilities may, in many instances, be necessary to or helpful in pursuing one or more of the basic economic approaches.

It is evident from the definition and the possible approaches to area economic development, that such development is not necessarily synonymous with industrialization, or an increasing total population.

The basic parts of a program include a background picture of the economy of the area, the problem and needs, the economic potentials in light of physical and labor resources, economic development objectives, a detailed program of action for increasing employment opportunities, and the assistance needed in carrying out such a program.

The following outline is suggested as a general guide for preparing an overall program of economic development of a rural area.

- I. Statement of problem in terms of brief summary of income and resource situation. (This should be prepared on the basis of the attached outline.)
- II. Statement of goals of economic development for the area.

III. Organization for carrying out the program.

- A. Part to be played by local, State, and national organizations in development and execution of program.
- B. Organization for coordinating the contributions of various organizations.

- Membership
 - Legal authority
 - Financial capabilities

- C. Plans for reporting and continuing guidance to the program.

IV. Development plans.

- A. Plans for increasing nonfarm employment and income opportunities.
 - 1. New industrial or commercial establishments. Indicate type of activity, number of employees and capital requirements.
 - 2. Expansion or modernization of existing industrial or commercial establishments.
- B. Plans for improving income from farming.
 - 1. More efficient use of existing resources, such as, adoption of modern practices for crop and livestock production.
 - 2. Recombination of resources, such as, farm enlargement through adding capital, land recombination, or major changes in enterprises.
 - 3. Effects of 1 and 2 on output of major commodities, number of people in agriculture, and income from farming.
- C. Plans for more effective use of labor resources.
 - 1. Needs for facilitating transfer in place or type of employment in area.
 - 2. Needs for outmigration in terms of relationship of size of projected labor force to probable employment opportunities.
- D. Nature of public facilities, expansion or alteration required by items A, B, and C above. (In terms of schools, roads, public health, public utilities, markets, and local government organization.)

E. Effect on area economy envisioned by this plan in terms of numbers employed, total population, and income levels.

V. Needs for assistance.

- A. Technical (for planning and execution of program).
- B. Loans for farm, commercial, or industrial enterprises.
- C. Public facility loans or grants.
- D. Other financial assistance.
- E. Career counselling and guidance for youth and adults.
- F. Occupational training and retraining.

The following detailed outline should be helpful in bringing together information needed for Item I of the outline. Not all points will be applicable to each area. The detail is provided in order to invite attention to considerations: (1) which might otherwise be overlooked, and (2) which may be useful as general information and guides to those preparing an economic development plan. Inclusion in a development program of points in this section should depend, therefore, upon their relevance to the goals and potentialities envisioned for an area's economic development.

I. Present income situation of area.

(Percent distribution of families and/or consumer units by income levels for farm and nonfarm residence.)

II. Resource characteristics.

A. Human resources.

1. General population characteristics with comparisons to U. S., regional and State. (Age and sex distribution and educational attainment by age and sex.)
2. Population change by age and sex between 1940-1950 and 1950-1960 with comparisons to U. S., regional and State.
3. Proportions of total population, by sex, of those younger and older than usual labor force age (say below 20 and above 65).
4. Employment by industry and occupation.
5. Employment potential of unemployed and underemployed.

B. Physical resources.

1. Nonagricultural.

- (a) Raw materials.
- (b) Water supply (present and/or potential).
- (c) Scenic or recreational.
- (d) Firms by type and employment.
- (e) Underutilized capacity.

2. Agriculture.

- (a) Present land use and expected changes.
- (b) Economic class of farms with comparisons to State and U. S.

- (c) Types of farms with comparisons to State and U. S.
- (d) Value of investment per farm.
- (e) Distribution of farm sales by commodities.

C. Service, institutional and marketing resources.

- 1. Power.
- 2. Transportation.
- 3. Water.
- 4. Educational.
- 5. Health and welfare.
- 6. Agricultural marketing facilities.
- 7. Wholesale and retail facilities.
 - (a) Consumer goods.
 - (b) Producers goods.
- 8. Financial institutions.
 - (a) Commercial banks and aggregate deposits.
 - (b) Savings institutions and aggregate deposits.
- 9. Local governmental setup with total of employees and aggregate annual payroll (exclusive of educational and health and welfare activities covered under 4 and 5 above).
- 10. State and Federal governmental facilities located in areas with number of employees and aggregate payrolls.

D. Locational resources.

- 1. With respect to industrial raw materials.
- 2. With respect to markets for consumer goods.
- 3. With respect to potential consumers of recreational services (if scenic or recreational physical resources are deemed important).

